



# DEPARTMENT OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

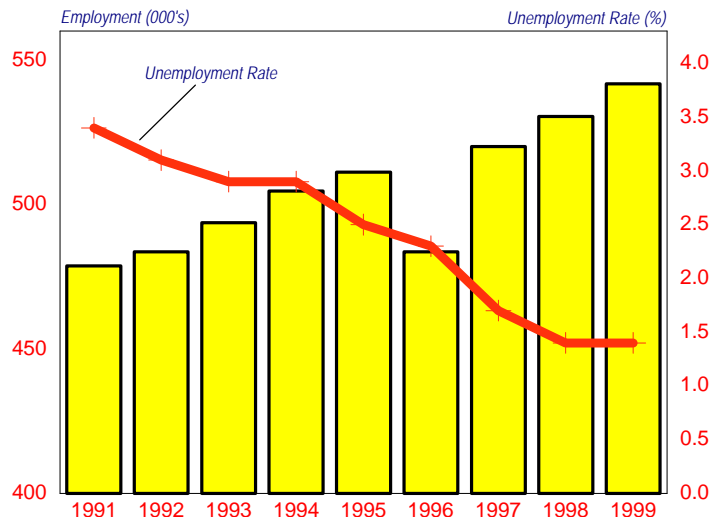
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MARCH 2000

### MARCH HIGHLIGHTS

- ❑ The 1999 unemployment rate in Fairfax County yearend was a low 1.4 percent. On the national level, the unemployment rate in 1999 was the lowest since 1969.
- ❑ The issues of new residential dwelling permits fell 36.9 percent in the first two months of 2000 while residential repair and alteration permits through February outpaced last year by a significant margin.
- ❑ Fairfax County's sales tax receipts are up 11.5 percent for the first six months of FY 2000.
- ❑ Based on sales data for the yearend 1999, the median price of all types of newly built homes sold in 1999 exceeded that of 1998 by double digit margins.
- ❑ The 1999 median selling prices of existing homes of all types experienced moderate growth over the 1998 median price.
- ❑ The 1999 sales volume of all types existing homes rose 13 percent over 1998.
- ❑ Mortgage interest rates have risen over the last 12 months. In March, mortgage interest rates were 8.2 percent compared to 7.0 percent in March 1999.

### RESIDENTIAL EMPLOYMENT - DECEMBER



Source: Virginia Employment Commission  
Compiled by the Fairfax County Dept. of Management and Budget



The number of Fairfax County residents employed in 1999 grew from 530,485 in December 1998 to 541,751 in December 1999 according to the Virginia Employment Commission (VEC), an increase of 2.1 percent or 11,266 residents. At the same time, the County's yearend unemployment rate was 1.4 percent, representing no change from December 1998.

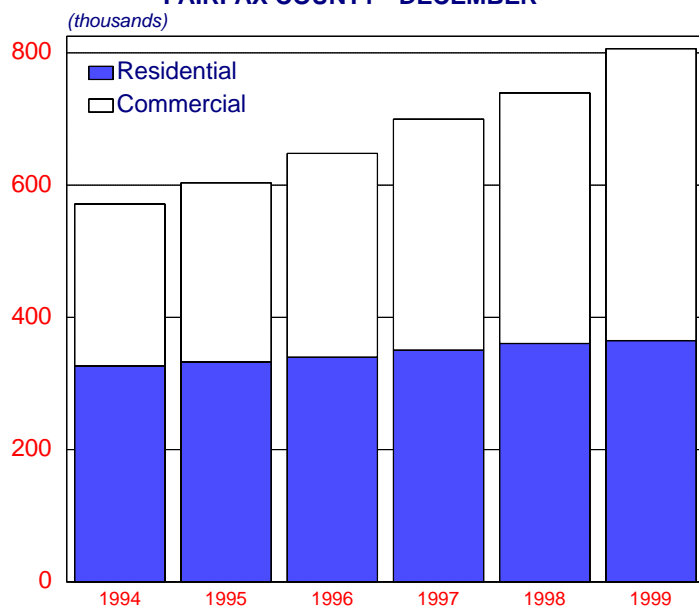
As a result of the longest economic expansion in history, the available pool of workers nationally has dropped to record low levels. The tight labor market is reflected in the national yearend 1999 unemployment rate of 4.2 percent, the lowest since 1969 when it was 3.5 percent.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>

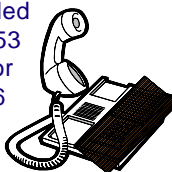


### BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - DECEMBER

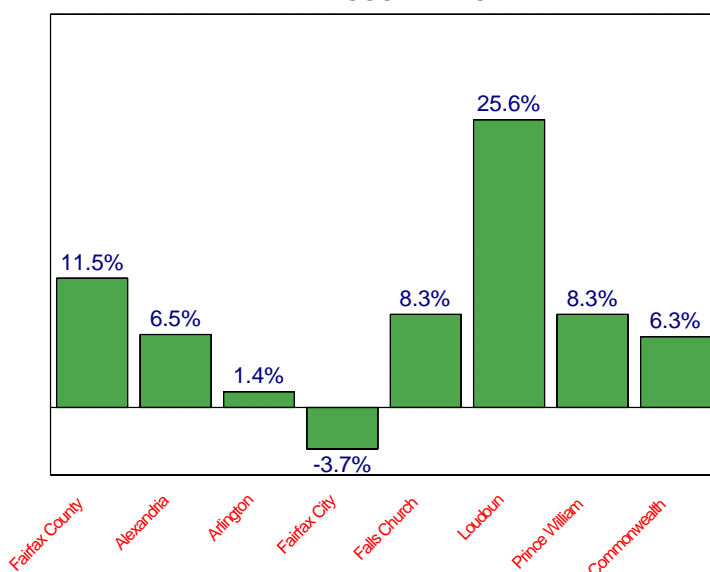


Source: Bell Atlantic  
Compiled by the Fairfax County Dept. of Management and Budget

As of December 31, 1999, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 806,179 telephone lines, up 66,740 lines, or 9.0 percent, over yearend 1998. During the year, the business sector has fueled the majority of this growth as result of commercial development and business expansion. The business sector added 62,729 new telephone lines for a total of 441,453 lines or an increase of 16.6 percent over the prior year. Residential telephone lines totaled 364,726 as of December 1999 and surpassed last year by 4,011 lines, or a slight 1.1 percent.



### FY 2000 SALES TAX RECEIPTS THROUGH MARCH

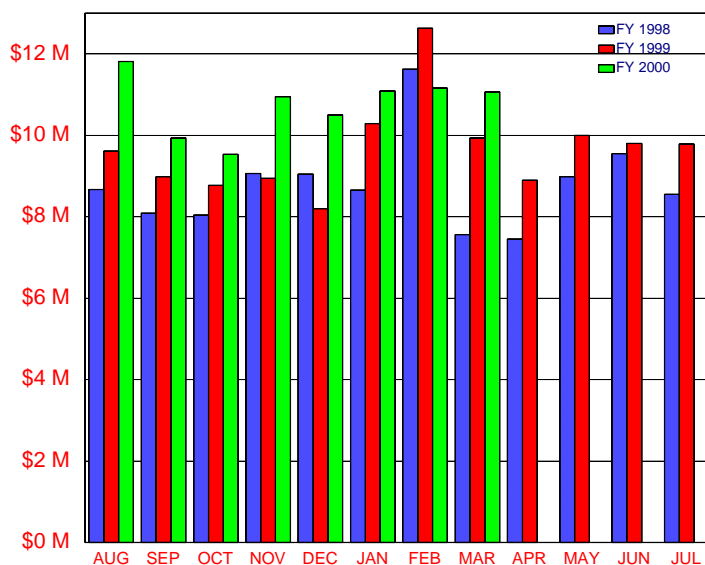


Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

Retail sales, as measured by Sales Tax receipts, have increased significantly in Loudoun County during FY 2000, according to data from the Virginia Department of Taxation. Residential growth in Loudoun has spurred retail development including shops at the Dulles Town Center and Leesburg Corner Outlets. As a result, Sales Tax receipts for the first nine months of FY 2000 are up 25.6 percent in Loudoun. Other Northern Virginia localities have not fared as well. Sales Tax receipts received through March are up 1.4 percent in Arlington, 6.5 percent in Alexandria, and 8.3 percent in both Prince William and Falls Church. Sales Tax receipts have fallen 3.7 percent in Fairfax City during this period. Sales Tax receipts in the Commonwealth lead the same period in FY 1999 by a 6.3 percent margin.

### SALES TAX REVENUES

(revenues represent retail sales two months prior)

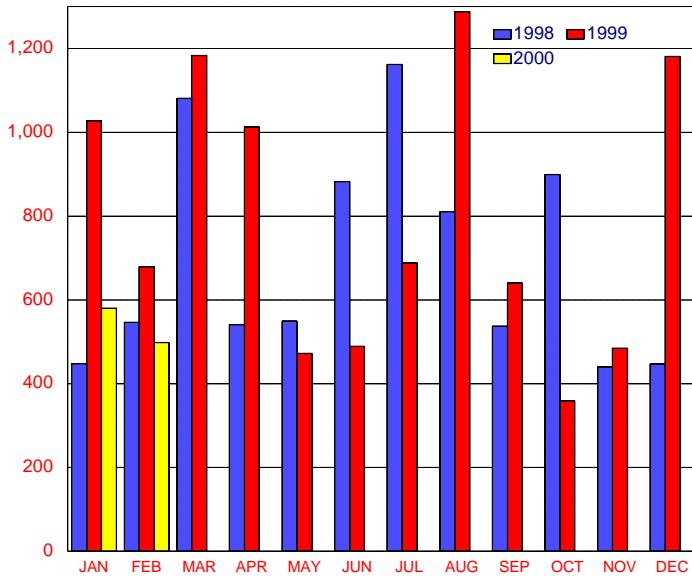


Source: Virginia Department of Taxation  
Compiled by the Fairfax County Dept. of Management and Budget

Retail development in Loudoun has not slowed growth in Fairfax County's Sales Tax receipts. March Sales Tax receipts representing retail purchases made in January were \$11.1 million, an increase of 11.4 percent over the prior year. To date, collections total \$86.0 million and exceed the prior year by a strong 11.5 percent margin.

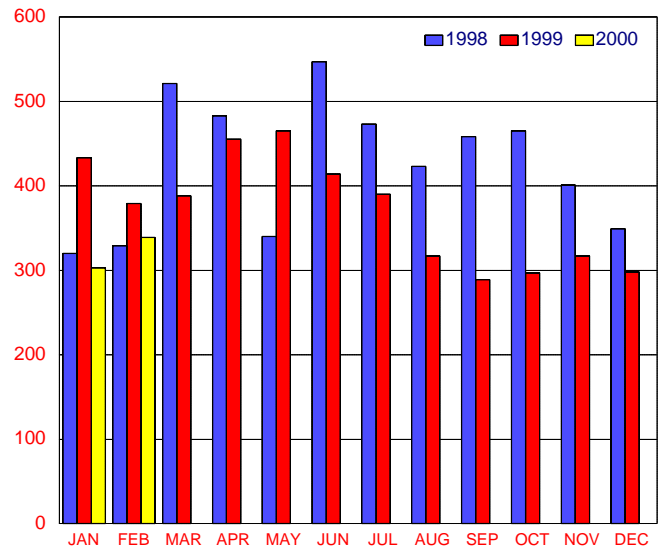
On the national level, seasonally adjusted March retail sales were up 10.5 percent over March 1999, according to the Commerce Department. Durable goods sales were up 10.7 percent over March a year ago reflecting a high level of consumer confidence.

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



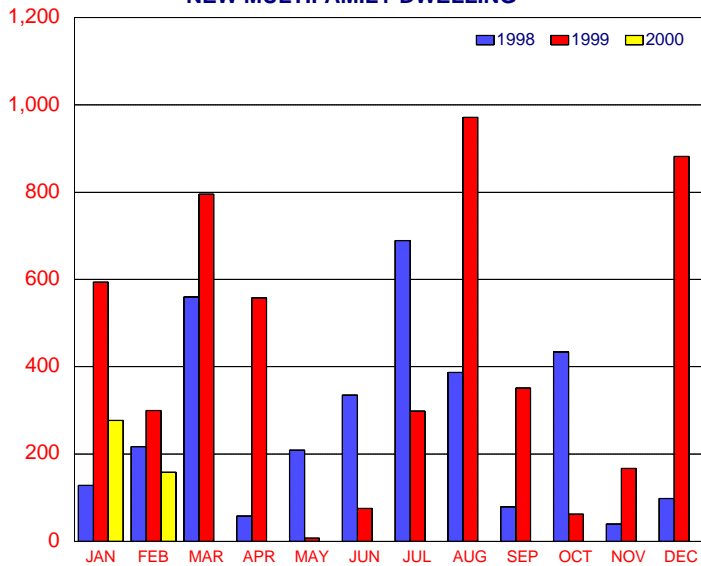
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



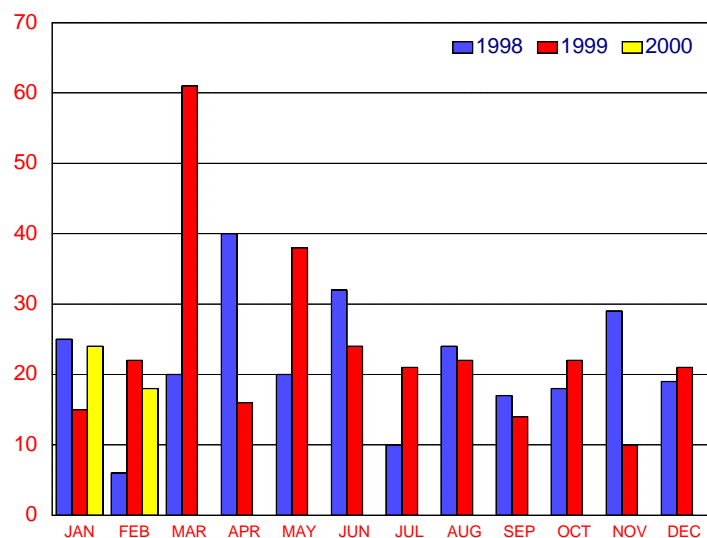
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

During calendar year 1999, 9,502 residential permits were issued in Fairfax County, surpassing 1998 by a 2,042 permit margin. This is the most permits issued in one year since 1988. However, issues of new residential dwelling permits fell significantly in January and February 2000. In the first two months of 2000, the 1,077 new residential dwelling permits issued lag that of last year by 36.9 percent, or 629 permits. The majority of this reduction is due to the multifamily component. To date, 435 multifamily residential dwelling permits have been issued, down 51.3 percent, or 459 permits, over the same period in 1999. Issues of single family residential dwelling permits total 642 through February and fall short of 1999 by 20.9 percent, or 170 permits.

Conversely, issues of residential repair and alteration permits through February are outpacing the level achieved one year ago by a significant margin. During the first two months, issues of these permits have more than doubled, totaling 3,411, an increase of 2,176 permits over the 1,235 permits issued last year during the same time period.

On the national level, new privately owned housing units started in the first two months of 2000 exceeded 1999 levels by 2.5 percent, according to the Commerce Department, while the number of residential building permits issued nationwide through February surpass 1999 by 1.7 percent.

### NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES

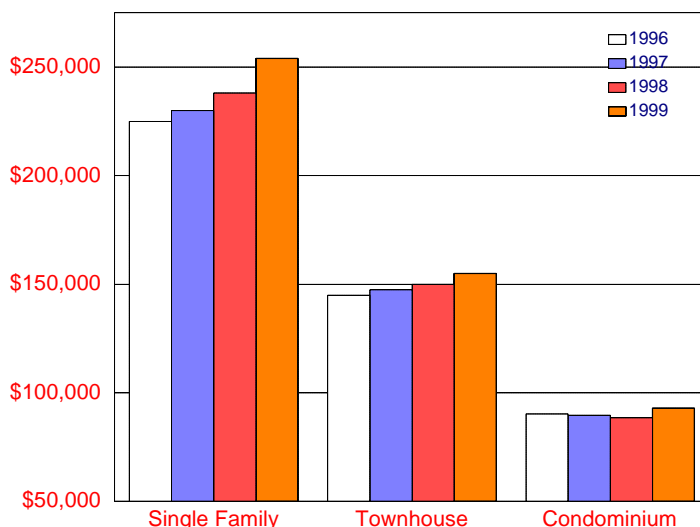


Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

Issues of nonresidential building permits during 1999 outpaced 1998 by 10 percent, or 26 permits. During the first two months of 2000, the 42 nonresidential building permits issued lead 1999 by a small 5 permit margin. Through February, 729 nonresidential repair and alterations permits have been issued, up 14.3 percent, or 91 permits, over the same period last year.

### HOME SALES IN FAIRFAX COUNTY

#### MEDIAN PRICE OF EXISTING HOMES SOLD ANNUAL MEDIAN PRICES 1996 - 1999

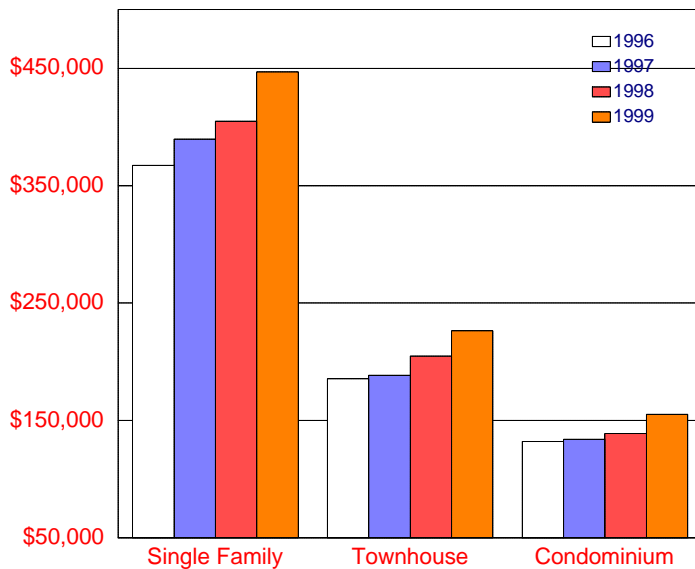


Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget



Based on 1999 yearend data, the median selling prices of existing homes experienced moderate increases over the levels established in 1998. In 1999, the median price of existing single family homes sold was \$254,000, an increase of \$16,000, or 6.7 percent over the median 1998 level of \$238,000. The median selling price of existing condominiums sold in 1999 increased \$4,500, from \$88,500 to \$93,000, reflecting an increase of 5.1 percent over 1998. The median selling price of existing townhomes was \$155,000 in 1999, an increase of \$5,100, or 3.4 percent over the \$149,900 registered in 1998.

### MEDIAN PRICE OF NEW HOMES SOLD ANNUAL MEDIAN PRICES 1996 - 1999



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Sales data in 1999 reflect double-digit growth in the median selling prices of all types of new homes, as compared to 1998. The median price of single family homes sold in 1999 indicates an increase of 10.4 percent, or \$41,982 to \$446,947 over the \$404,965 established in 1998. The median selling price of new townhomes is up a similar 10.5 percent, or \$21,520, to \$226,520 compared to the 1998 median of \$205,000. The median selling price of new condominiums displayed the largest percent increase of all new selling homes in 1999. New condominiums selling in 1999 registered an increase of 11.8 percent, or \$16,365, representing a median selling price of \$155,155 compared to the 1998 level of \$137,900.

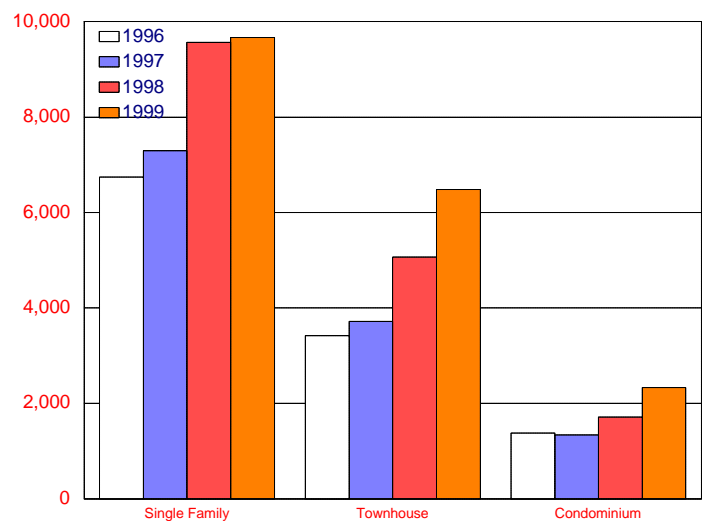
### PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 1999 COMPARED TO YEAR-END 1998

	Existing Sales	New Sales
Single Family	6.7	10.4
Townhouse	3.4	10.5
Condominium	5.1	11.8

Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to the selling prices within neighborhoods.

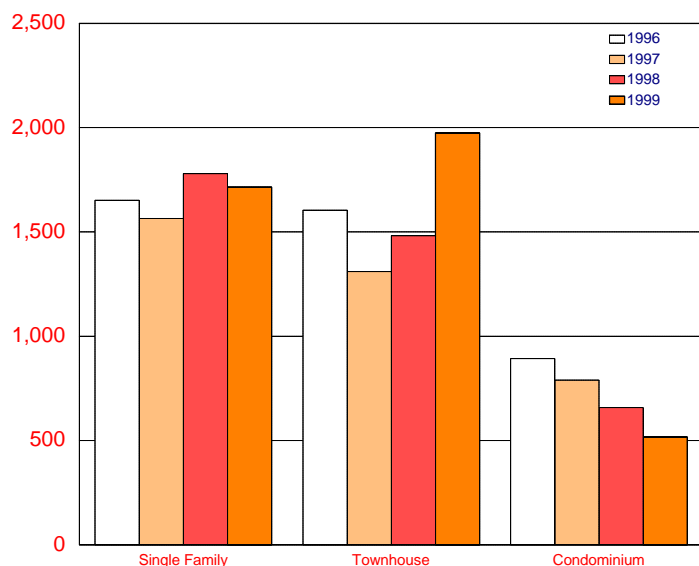
### NUMBER OF EXISTING HOMES SOLD ANNUAL TOTALS 1996-1999



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

The 1999 sales volume of existing townhomes and condominiums outpaced 1998 by significant margins while the number of existing single family homes increased only slightly. In 1999, 2,332 existing condominiums were sold, an increase of 36.2 percent or 620 more than the 1,712 sold in 1998. The number of existing townhomes sold in 1999 increased 28.0 percent, or 1,416 units from the 5,064 sold in 1998 to 6,480 in 1999. In contrast, the sales volume of existing single family homes in 1999 increased just 1.0 percent, or 99 homes, from 9,566 in 1998 to 9,665. Overall, the number of all types of existing homes sold increased over 13 percent in 1999.

### NUMBER OF NEW HOMES SOLD ANNUAL TOTALS 1996-1999



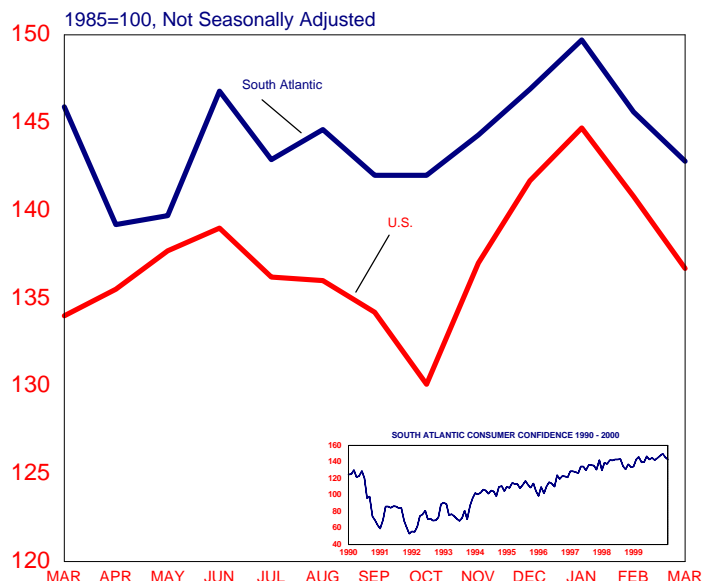
Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Housing sales were mixed in 1999 as the sales volume of new townhomes increased significantly while that of new condominiums and new single family homes lagged their 1998 levels. A total of 1,975 new townhomes were sold in 1999 compared to 1,483 in 1998, reflecting an increase of 492 homes, or 33.2 percent, over 1998. Conversely, the number of new single family homes sold in 1999 fell 3.6 percent, or 64 homes, to 1,715 compared to the 1998 level of 1,779. The sales volume of new condominiums also fell in 1999 from the 658 sold in 1998 to 518 in 1999, reflecting a drop of 21.3 percent, or 140 condominiums.

Rising mortgage interest rates as a result of recent rate hikes by the Federal Reserve Board may constrain home sales in the coming months. According to the Federal Home Loan Mortgage Corporation, the interest rate on 30-year conventional home mortgages was 8.2 percent in March, up from 7.0 percent a year ago.

### ADDITIONAL INDICATORS

#### CONSUMER CONFIDENCE INDICES

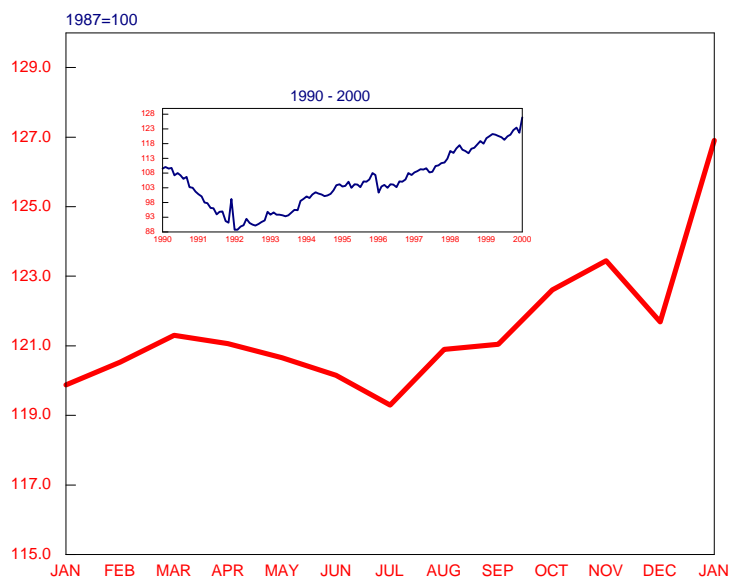


Source: Conference Board  
Compiled by the Fairfax County Dept. of Management and Budget

The Conference Board's South Atlantic Consumer Confidence Index which lost ground in February, fell again in March. The Index at 142.8 is down 3.1 points from one year ago. Similarly, the national Consumer Confidence Index fell in February and March after reaching an all time high in January. The Conference Board reports that while consumers feel positive about current economic conditions, their short-term outlook is less optimistic. The March national index now stands at 136.7, a decline of 8.0 points from January 2000.

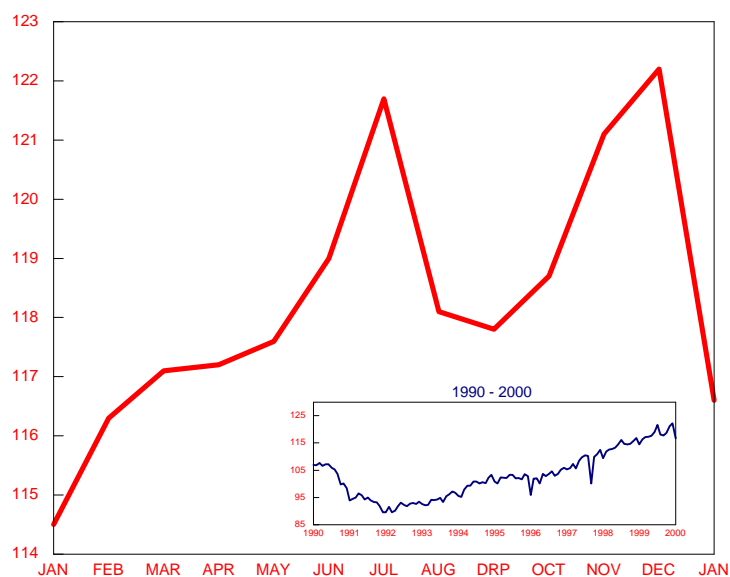
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses. Please note that the Virginia Indices were not available for inclusion.

### FAIRFAX COUNTY COINCIDENT INDEX



Sources: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

### METROPOLITAN COINCIDENT INDEX



Source: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

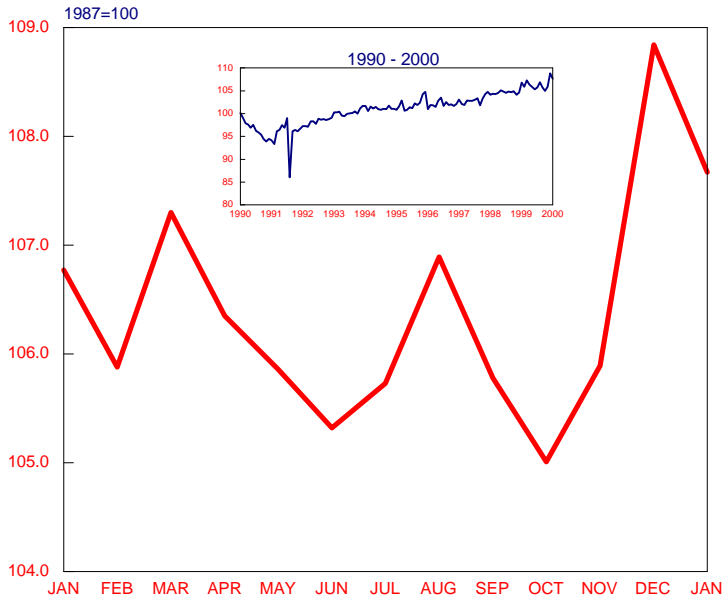
The Fairfax County Coincident Index, which represents the current state of the County's economy, experienced its largest one-month gain since the 1990-1991 recession. The January Coincident Index rose 4.3 percent to 126.9. However, this large one-month gain somewhat overstates the economy's strength due to a data reporting anomaly involving retail sales. Three of the Index's four components contributed to its rise in January. Total employment registered its strongest gain in over a year and has been up in six of the last seven months. Transient occupancy tax collections, adjusted for inflation and seasonal variation, increased for a sixth month and Sales tax receipts, adjusted for inflation and seasonal variation, were up sharply. Consumer confidence slipped but remains near its record level.



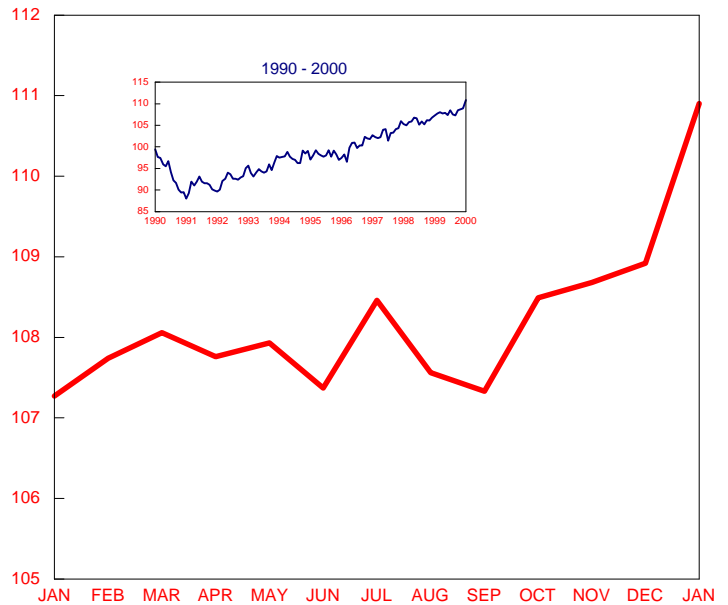
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined 2.79 percent in January to 116.63. All four of the Index's components were negative in January. Domestic airport traffic at Ronald Reagan National Airport declined for the second consecutive month. Nondurable goods sales and total wage and salary employment both declined after four monthly increases. In addition, consumer confidence dropped after increasing in November and December.



## FAIRFAX COUNTY LEADING INDEX



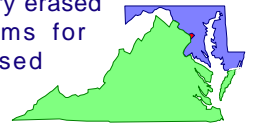
## METROPOLITAN LEADING INDEX



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, dropped slightly in January to 107.7, a decrease of 1.07 percent from its December 1999 level. The Leading Index continues to maintain an upward trend over the past 12 month although it has experienced monthly losses six times. In January, three of the Index's five components contributed to its decline. New automobile registrations fell after a strong December gain; the number of residential building permits issued dropped after two monthly gains; and the value of residential building permits fell after increasing in November and December. Consumer expectations (consumer confidence six months hence) were up for the third consecutive month and initial claims for unemployment insurance decreased (improved) for the fourth time in a row.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, posted a gain of 1.91 percent in January to 110.9. The Metropolitan Leading Index has now been up for the fourth consecutive month. Three of the Index's five components contributed to its gain. Consumer expectations (consumer confidence six months hence) rose for a third month. The Help Wanted Index's gain in January erased its December decline. Initial claims for unemployment insurance decreased (improved) significantly while residential building permits and durable goods retail sales experienced declines.



*Inquiries should be directed to:*

**The Department of Management and Budget  
12000 Government Center Parkway, Suite 561  
Fairfax, Virginia 22035-0074  
(703) 324-2391 or 1-800-828-1120 (TDD)**

Staff: Susan Datta, Assistant Director; Marcia Wilds, Matt Roylance, analysts; and Frann Shurnitski, technical support.

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